

# Special Session

|                      |                                     |
|----------------------|-------------------------------------|
| <b>Agenda Item #</b> | 7                                   |
| <b>Meeting Date</b>  | 6 September 2005                    |
| <b>Prepared By</b>   | Sara Anne Daines<br>HCD Director    |
| <b>Approved By</b>   | Barbara B. Matthews<br>City Manager |

|                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Discussion Item</b> | Resolution of support of Montgomery County purchase of Hampshire Towers, 7333 and 7401 New Hampshire Avenue (as supported by the Hampshire Towers Tenant Association)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Background</b>      | <p>Chapters 53A and 11A of the Montgomery County Code give the County a right of first refusal to purchase rental properties when the property is made available for sale. This authority extends to properties such as Hampshire Towers in Takoma Park. Similar legislation can be found in the City of Takoma Park Code (Chapter 6.32) which affords registered tenant associations the right to purchase the rental facility they represent.</p> <p>Hampshire Towers (7333/7401 New Hampshire Avenue), as noted in recent Status and Information Reports, has been placed on the market and a third party contract with DC development firm, the Tenacity Group, executed. Upon notification of the pending sale, a tenants association representing over one third of the residents was formed with the assistance of the City's Capacity Building program. On August 15, 2005, the tenants association notified the property owner of its interest in purchasing the property.</p> <p>County officials met with the tenants association on Monday, August 29, and expressed interest in working with them to facilitate the preservation of the affordable housing opportunities currently offered at the complex. In the event the tenants association decided, after a careful investigation of the proposed purchase, not to proceed with the purchase, the County would, as proposed, exercise its rights of first refusal and acquire the property. The tenants association expressed interest in possibly partnering with the County and Community Preservation and Development Corporation (CPDC), a DC affordable housing developer, to acquire and renovate the buildings.</p> <p>To ensure that the County retains its legal rights to acquire the property, a resolution of support of the proposed purchase must be adopted by the City Council. Such resolution is required if the County is to preserve its rights of first refusal and must be accomplished prior to September 12, 60 days following notification of the pending sale of the property to the Tenacity Group. In the event the Resolution is not approved, the County would be unable to step in and acquire the property if the Hampshire Towers Tenants Association decided, for whatever reason, against the purchase of the property. The tenants association has expressed support for the adoption of the required resolution.</p> |

|                              |                                                                                                                                                                                                                                                                                                                            |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Background continued</b>  | Attending the September 6 meeting will be Montgomery County representative, Mr. Joseph Giloley, Division Chief, Housing and Code Enforcement, Mr. Gerald H. Joseph, Vice President and Director of Real Estate Development, CPDC, and Mr. Marvin Binion, President of the Hampshire Towers Tenants Association.            |
| <b>Policy</b>                | <p>“Provide affordable home ownership opportunities throughout the city (and) appropriate and affordable rental housing to all residents.”</p> <p style="text-align: right;">Policy Statement, <u>The Affordable Housing Policy and Action Plan</u><br/>July 2005</p>                                                      |
| <b>Fiscal Impact</b>         | <p>Minimal financial impact for City of Takoma Park.</p> <ul style="list-style-type: none"> <li>• Purchase Price of Hampshire Towers: \$16.6 million</li> <li>• Estimated Renovation Costs: \$20 million</li> </ul>                                                                                                        |
| <b>Attachments</b>           | <ul style="list-style-type: none"> <li>• Resolution of Support for County Purchase of Hampshire Tower</li> <li>• CPDC Letter of Interest and Informational Materials ( <a href="http://www.cpd.org">www.cpd.org</a> )</li> <li>• Hampshire Towers Tenant Association Letter of Interest in Purchase of Property</li> </ul> |
| <b>Recommendation</b>        | Adoption of Resolution of support of Montgomery County Purchase of Hampshire Towers, 7333 and 7401 New Hampshire Avenue, Takoma Park                                                                                                                                                                                       |
| <b>Special Consideration</b> |                                                                                                                                                                                                                                                                                                                            |

Introduced by:

**RESOLUTION NO. \_\_\_\_\_**

**City of Takoma Park's Support of Montgomery County's Purchase of  
Hampshire Towers, 7333 and 7401 New Hampshire Avenue**

**WHEREAS,** the City of Takoma Park and Montgomery County share the common goal of providing affordable housing to those residing in the community; and

**WHEREAS,** Chapters 53A and 11A of the Montgomery County Code give the County a right of first refusal to purchase rental properties; and

**WHEREAS,** Chapter 6.32 of the City of Takoma Park Code gives registered tenant associations the opportunity to purchase the rental facility they represent before the property may be sold to a third-party purchaser; and

**WHEREAS,** the Hampshire Towers Tenants Association, a registered tenants association, has expressed its interest in pursuing its opportunity to purchase Hampshire Towers, 7333 and 7401 New Hampshire Avenue, Takoma Park, Maryland, in accordance with City of Takoma Park Code, and

**WHEREAS,** Montgomery County also desires to exercise its right of first refusal under Chapters 53A and 11A of the Montgomery County Code to purchase Hampshire Towers; and

**WHEREAS,** the Hampshire Towers Tenants Association met on Monday, August 29, 2005, to discuss Montgomery County's proposal to partner with the association in the purchase of Hampshire Towers for the purpose of providing appropriate and affordable housing for the tenants, and

**WHEREAS,** the Hampshire Towers Tenants Association is encouraging the Takoma Park City Council to adopt a resolution of support for Montgomery County's purchase of Hampshire Towers should the tenant association decide not to exercise its rights under City of Takoma Park Code, and

**WHEREAS,** the City of Takoma Park supports Montgomery County's efforts to maintain the property as affordable housing.

**NOW THEREFORE BE IT RESOLVED THAT THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND** approves of Montgomery County's purchase of Hampshire Towers, 7333 and 7401 New Hampshire Avenue, Takoma Park, Maryland.

**BE IT FURTHER RESOLVED** that Montgomery County is strongly encouraged to work in partnership with the Hampshire Towers Tenants Association in the development and implementation of a mutually satisfactory plan for the purchase and renovation of the property.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2005

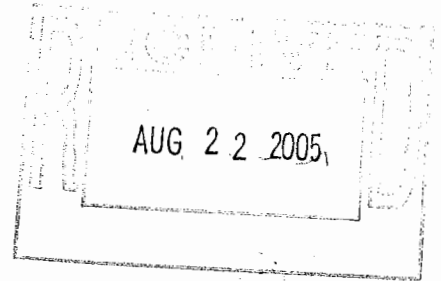
ATTEST:

\_\_\_\_\_  
Jessie Carpenter, City Clerk

Hampshire Towers Tenant Association  
7333 and 7401 New Hampshire Avenue  
Takoma Park, Maryland 20912

August 15, 2005

Oxen Equities Corporation, NV  
A.F.A. Asset Services, Inc.  
Managing Director  
150 East 58<sup>th</sup> Street  
New York, NY 10155-2798



RE: Letter of Interest

Dear A.F.A Asset Services:

On behalf of the residents of 7333 and 7401 Hampshire Avenue, this letter is a letter of interest in purchasing our buildings. Our Association represents at least 33% of the tenants in the buildings and we have registered with the City of Takoma Park. Attached is a copy of the registration.

We request that you provide the following information to us:

1. Copy of any 3<sup>rd</sup> party contract, if applicable;
2. Floor plan or other architectural and engineering plans and specifications of the building;
3. Itemized list of monthly operating expenses and capital expenditures for the two preceding years;
4. The most recent rent stabilization report filed with the city;
5. Utility consumption records;
6. Most recent rent roll;
7. List of tenants; and
8. List of vacant apartments.

Please send the documents to MARVIN BINION at  
7333 New Hampshire Avenue, Apt. 101, Takoma Park, Maryland,  
20912. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Marvin Binion". The signature is fluid and cursive, with a long horizontal stroke at the end.

cc: Linda Walker, City of Takoma Park



**Community Preservation and Development Corporation**

5513 Connecticut Avenue, N.W • Suite 250 • Washington, D.C. 20015

www.cpdcc.org • cpdc@cpdc.org

main 202.895.8900 • fax 202.895.8805

August 21, 2005

Elizabeth Davison

Director

Montgomery County Department of Housing & Community Affairs

Council Office Building

100 Maryland Ave., 4<sup>th</sup> Floor

Rockville, MD 20850

Re: Hampshire Towers, Takoma Park Maryland

Dear Ms. Davison:

I am writing to express the strong interest of Community Preservation and Development Corporation in working with Montgomery County on the acquisition and redevelopment of Hampshire Towers in Takoma Park. Since being founded in 1989, CPDC has acquired and preserved over 3500 units of affordable housing in Washington DC metropolitan area including two properties in Montgomery County – Park Montgomery and Essex House. Our commitment and mission extends beyond creating financially sound high quality real estate to building healthy communities where residents have an opportunity to flourish economically. Our success has come through forging strong partnerships with the local governments, residents, financial institutions and service providers we work with.

We believe that our mission and track record makes us ideally suited to undertake this development project. We have extensive experience doing renovations to occupied high-rise buildings and working with resident populations very similar to the population that lives at Hampshire Towers.

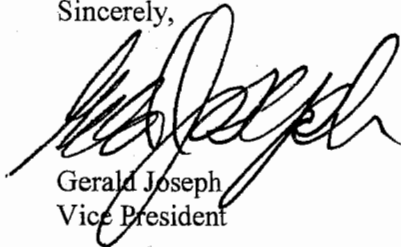
Hampshire Towers is a critically important resource for affordable and workforce housing in Montgomery County. Our preliminary plans for the property would include:

- Financing the property with Tax-Exempt bonds and equity derived from 4% tax credits along with gap financing from the County as well as other potential sources (Maryland CDA, Federal Home Loan Bank etc)
- Approximately \$20 million (\$44,500 per unit) investment in rehabilitation of the property including but not limited to: new fire and domestic water services, waste piping, HVAC systems, repair of the exterior façade and balconies, new roofs, new windows, new flooring, new kitchen cabinets and appliances, new interior doors, new bathroom fixtures
- Significant Community Development Programs – We will include in the development and operating budget of the property sufficient resources to development and implement

community programs at the site similar in scale and scope as is being provided by CPDC at Stewartown Homes in Gaithersburg.

CPDC is extremely excited about the prospect of working with you and your staff on this important redevelopment project. Please let me know if I can provide you with any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gerald Joseph', written over the printed name and title.

Gerald Joseph  
Vice President

Cc: Michael Pitchford, President and CEO, CPDC